

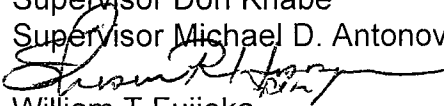


County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

August 12, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: 
William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

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Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

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Fifth District

PRELIMINARY REPORT – BALDWIN PARK WEST RAMONA BOULEVARD, CENTRAL BUSINESS DISTRICT AND SIERRA VISTA REDEVELOPMENT PROJECT AMENDMENTS – CITY OF BALDWIN PARK (FIRST DISTRICT)

Consistent with Board policy and direction, we are advising your Board that the City of Baldwin Park sent us the Preliminary Report for proposed amendments to the West Ramona Boulevard, Central Business District (CBD), and Sierra Vista Redevelopment Projects. The Preliminary Report includes the following information:

- Map of Project Areas (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The proposed Amendments to the Projects will: increase the lifetime limit on the Agency's receipt of tax increment (for CBD from \$25 to \$600 million); increase the limit on the amount of outstanding debt (for CBD from \$15 to \$80 million and for Sierra Vista from \$45 to \$115 million); increase eminent domain authority to include residential properties in the CBD Project; and extend the time limit by 12-years (to 2022) for eminent domain authority in the Sierra Vista Project. The Agency is not proposing to extend the time limit for the receipt of tax increment for either project (currently 2035 for CBD and 2039 for Sierra Vista).

"To Enrich Lives Through Effective And Caring Service"

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Each Supervisor
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For your information, the protections from eminent domain provided to single-family homeowners by the recently passed Proposition 99 will not affect the Agency's ability to condemn homes for these Amendments, as Proposition 99 contains a grandfather clause, "if the initial written offer to purchase the property was made on or before the date on which this initiative becomes effective." The Agency initiated the condemnation process in 2007.

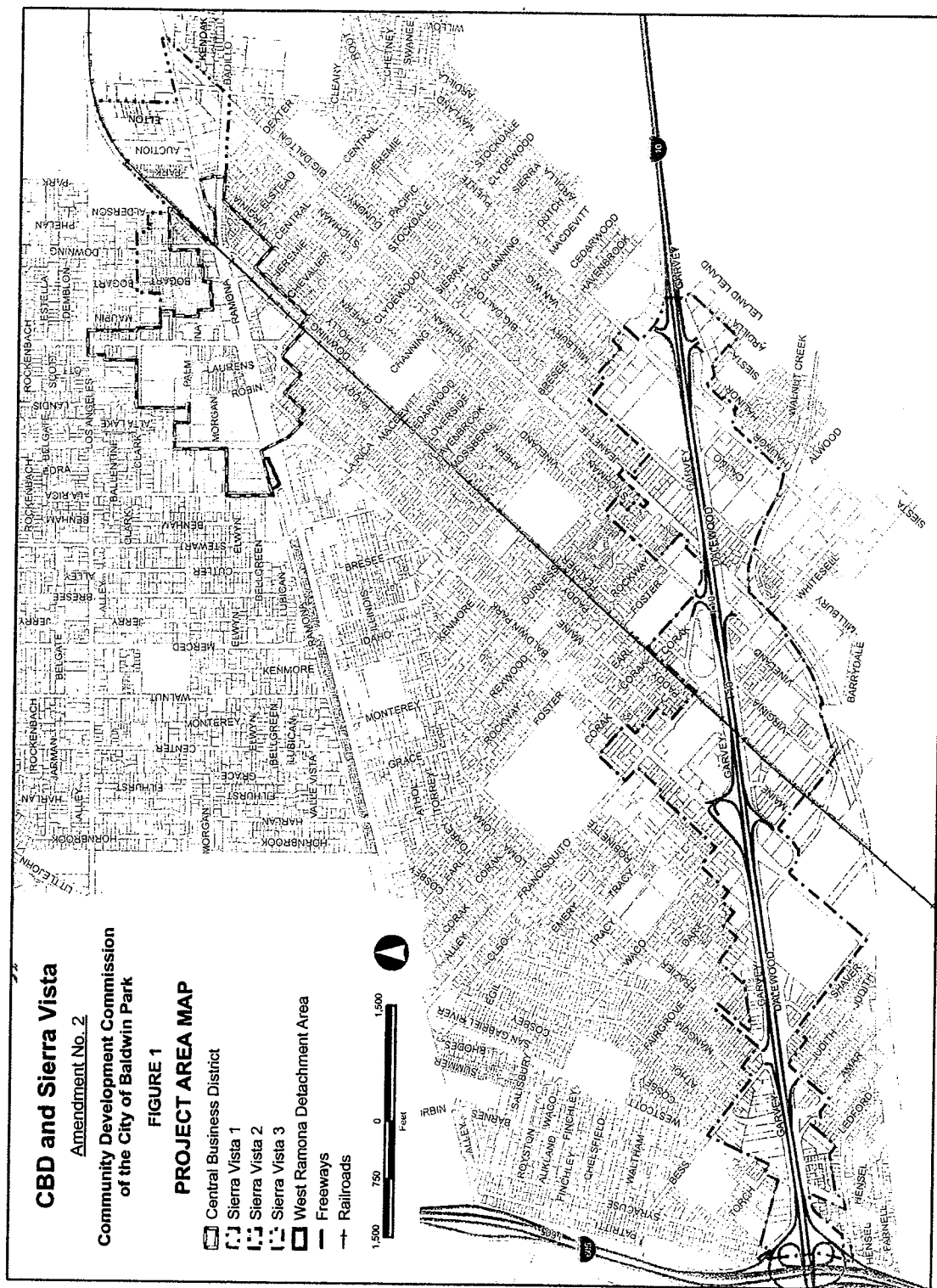
This Office conducted a preliminary analysis of the project, which included a meeting with Agency staff, several site visits, and an initial review of the Agency's blight findings from the Preliminary Report. Based on this preliminary analysis, this Office has concerns that the proposed project does not appear to meet the blight requirements consistent with Redevelopment Law. Thus, this Office will work closely with County Counsel to conduct a thorough review of the Preliminary Report, and will work with Agency staff to try to resolve any concerns that emerge from our review. If it is determined that our concerns cannot be resolved, it may be necessary to submit written objection to the Agency's proposal at their Public Hearing to preserve the County's rights to consider any subsequent action.

The Agency has indicated it intends to schedule the Public Hearing to adopt the proposed Amendments for September 3, 2008. I will continue to keep your Board updated on this matter. If you have any questions, please call me, or your staff may contact Robert Moran at (213) 974-1130, or rmoran@ceo.lacounty.gov.

WTF:LS
DSP:RTM:ib

Attachments

c: County Counsel
Auditor-Controller



PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

The following is a brief summary of the physical and economic blight conditions that are described in the Agency's Preliminary Report for the Project Area:

- 57% of all buildings in the CBD Area and 67% of all buildings in the Sierra Vista Area are categorized as "renovation required."
- Due to the age of structures (27% of CBD and 53% of Sierra Vista buildings were constructed prior to 1970), the buildings are likely to contain asbestos and lead-based paint.
- Field surveys indicated certain portions of the Areas exhibit signs of commercial obsolescence including: "low-end" uses that appear to be marginally profitable; minimal building design; lack of site development (zero setbacks, absence of landscaping, etc); lack of adequate parking; exposed overhead utility lines; outdated facades; and overgrowth of weeds and brush.
- Unattractive surface parking lots prevail throughout the area, dividing retail and commercial buildings from one another and from the roadway, and making the area unfriendly for pedestrians, shoppers, and visitors.
- The General Plan permits residential land uses in the City's commercial corridors, but only in conjunction with comprehensive mixed-use development where the resident population is conveniently located so as to support retail uses through patronage. Such is not the case with existing development, which consists of free-standing single-family development on small lots.
- 20% of the parcels in the CBD and Sierra Vista Areas are less than 5,000 square feet in size and thus do not conform to the City zoning standards. Consolidation of these irregular parcels into more useable properties would substantially increase the property and sales-tax generating potential.
- The downtown area of the City lacks entertainment facilities such as a movie theater. Restaurants in the downtown area consist primarily of fast-food establishments, with very limited sit-down and no up-scale food services that would typically be found in a downtown area.
- Residential overcrowding rates in the CBD Area are nearly twice the rates experienced throughout the County of Los Angeles.

LIST OF ESTIMATED PROGRAM COSTS – CBD AREA

Item or Program	Amount
Public Improvements	\$188,033,791
Housing Programs*	\$107,555,564
Business Attraction and Retention Program	\$1,000,000
Commercial Rehabilitation Program	\$1,000,000
Development Assistance Program	\$1,000,000
Contingencies @ 10% Public Improvements Cost	\$29,860,000
Total Development and Housing Expenditures	\$328,449,355
Administration @ 10% Development and Housing	\$26,280,000
Total Development and Administration	\$354,730,000
Estimated Total Costs @ 3.5% Per Annum Inflation**	\$456,215,564
Financing Costs	\$150,880,000
TOTAL COSTS	\$607,095,564

*Programs funded by mandatory housing set aside

**Assumes 3.5% inflation for 10 years to adjust upward the value of future years projects.

LIST OF ESTIMATED PROGRAM COSTS – SIERRA VISTA AREA

Item or Program	Amount
Public Improvements	\$92,613,658
Housing Programs*	\$103,703,093
Business Attraction and Retention Program	\$2,000,000
Commercial Rehabilitation Program	\$2,500,000
Development Assistance Program	\$2,500,000
Contingencies @ 10% Public Improvements Cost	\$20,330,000
Total Development and Housing Expenditures	\$223,646,751
Administration @ 10% Development and Housing	\$17,890,000
Total Development and Administration	\$241,540,000
Estimated Total Costs @ 3.5% Per Annum Inflation**	\$298,133,093
Financing Costs	\$74,320,000
TOTAL COSTS	\$372,453,093

*Programs funded by mandatory housing set aside

**Assumes 3.5% inflation for 10 years to adjust upward the value of future years projects.

IMPACT ON COUNTY GENERAL FUND

Proposed Increases to Project Limitations

	CBD		Sierra Vista	
	<u>current</u>	<u>proposed</u>	<u>current</u>	<u>proposed</u>
Lifetime cap on Tax Increment Received by the Agency:	\$25 million	\$600 million	\$200 million	\$200 million
Outstanding Debt limit:	\$15 million	\$80 million	\$45 million	\$115 million

The Agency's development plan as presented in the Preliminary Report would add approximately \$2 billion in assessed value through 2023 by constructing a large mixed use, transit village project. According to the terms of the 1982 Agreement for Reimbursement of Tax Increment Funds for the CBD Project, the County taxing entities (49.6%) and the Fire District (15.7%) are to receive their full share of tax increment. However, the Agreement also included provision for a County deferral of its share of tax increment to the Agency to assist it in making its annual debt payments. The cumulative County deferral to date is approximately \$2.6 million, which means that the County taxing entities have not received their full share to date.

In order to ensure that the Agency would have sufficient funds in the later years of the project to repay the County deferral, limits on the amount of outstanding debt were included in the 1982 CBD and 1986 Sierra Vista Agreements (\$15 million for CBD and \$45 million for Sierra Vista). According to the Board letter of January 12, 1982, "The financial terms and conditions contained in Attachment I are consistent with current Board policy in that they afford the County adequate protection of its future property tax revenue base while providing the City of Baldwin Park an opportunity to redevelop its Central Business District."

This Office requested the Agency provide future tax increment and bond payment estimates to demonstrate how the Agency will ensure repayment of past and future deferral of County tax increment, if the current limits are significantly increased. Also, the CBD Project is due to end in 2035, and term of typical tax allocation bonds is 30 years. We cannot determine the financial impact to the County of this proposal until the requested information is received.